CALSTARS

ANNUAL REPORT

California State Accounting and Reporting System

Department of Finance

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Calstars Annual Report

1996

Introduction

We believe it is meaningful to our client agencies to review and report on the activities we worked on over the past year and to discuss the implications for the future. This report describes in detail the notable operations, changes, and events that occurred in CALSTARS and State accounting. The statistics exhibited are for the twelve months beginning November 1, 1995, and ending October 31, 1996, unless indicated otherwise.

We believe our efforts of the past year were productive and of substantial benefit to you. The New Year, 1997, promises to be an exciting one with significant changes to CALSTARS and the State accounting community. We hope that you had a productive year and we wish you continued success in the coming year.

General

The CALSTARS Strategic Plan was updated in April 1996. It reaffirms the basic mission of CALSTARS, outlines objectives/ strategies for accomplishing that mission, and identifies specific activities needed to meet those objectives. A copy of the updated Strategic Plan was sent to each CALSTARS agency in May.

We also continue to make available a one-page leaflet that is a quick summary of CALSTARS capabilities. It describes what CALSTARS is, who we are, and the services we provide. It is intended for a general audience.

For additional copies of the updated Strategic Plan or copies of the CALSTARS leaflet call (916) 445-0211, Extension 2812.

Advisory Council

In July 1996, the first meeting of the CALSTARS Advisory Council was conducted.The Advisory Council consists of representatives of CALSTARS client agencies with the chairperson being the Assistant Program Budget Manager responsible for the Department of Finance, CALSTARS Program. Although we would like everyone to have an opportunity to be a part of this group, we limited the initial solicitation to about 20 agencies, all of which have headquarters in Sacramento.

The scope of responsibility of the CALSTARS Advisory Council is to:

⭐ Provide responsible representation for their department and the State in general;

⭐ Serve as an advisory group to the CALSTARS program, Department of Finance, for the continued strategic growth in the development, maintenance and operation of the CALSTARS system;

⭐ Raise issues, identify problems and discuss alternative solutions to key issues/problems; and

⭐ Provide a means of keeping representative departmental fiscal management informed on the progress of CALSTARS projects and activities.

This Advisory Council meets quarterly and is advisory in nature rather than a work group or Task Force. The Council members' advice and input will be solicited by CALSTARS staff, utilizing reports and issue memos developed by those staff.

Daily Operations

CALSTARS processed transactions on all of the 257 scheduled processing days. Agencies initiated action that resulted in 24,906,138 transactions, which was 1,588,138 more than the previous year. This represents an increase of 7 percent. On thirty nights this year (up from nineteen nights the prior year), more than 200,000 transactions were processed, with an all-time high for one night of 361,468 transactions processed on December 13, 1995.

Even with the increase in transaction volume this year, all processing completed as scheduled each night. In addition, on 245 days (or 95 percent of the time) all reports were made available from the Health and Welfare Data Center (HWDC) by the 7:00 AM schedule. This is an improvement over the report availability percentage of 93 percent for the previous year.

Agencies requested and received 234,603 Standard reports during the year, an average of 913 reports every day. Most of the reports were requested on 12" x 8½" continuous form paper printed at HWDC. The number of reports printed at HWDC declined slightly from the previous year. This decrease indicates that agencies are using new report output options to offset the relatively high cost of hardcopy reports. (See the discussion of 'same day reporting' and obtaining reports electronically in the **System Changes** section of this letter.)

The Reportable Payment process was run as scheduled on December 16, 1996. Agencies processed 205,285 reportable payment transactions during the year. On behalf of all CALSTARS agencies, we electronically reported 15,424 information returns (Form 1099) totaling $ 1.49 billion to the Franchise Tax Board (FTB) and the Internal Revenue Service (IRS). This consolidated filing is beneficial to agencies because, otherwise, each agency would be responsible for:
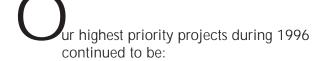
⭐ Preparing and mailing the 1099 form to each vendor that receives reportable payments from the agency; and

⭐ Reporting the information to the FTB and IRS.

System Changes

Our highest priority projects during 1996 continued to be:

⭐ Add four-digit fund to the CALSTARS files;

⭐ Add four-digit year to the CALSTARS files **(Year 2000)**;

⭐ Rewrite programs in the NATURAL 4th Generation Language; and

⭐ Establish the CALSTARS EDP files in the ADABAS DBMS.

During the year, changes required for four-digit fund and year were completed except for a few that must wait until the new system is installed in February 1997.

Beginning July 1, 1996, claim schedule face sheets printed from CALSTARS included four-digit fund as required by the State Controller's Office. We have begun revising all reports to display four-digit fund. This effort should be completed shortly after the new system is installed but before year-end close.

The conversion project was undertaken to improve the system development environment. This will allow us to provide system enhancements for client agencies with less programmer effort than is possible with the current COBOL/ VSAM development environment. Please refer to the CALSTARS Strategic Plan for a complete discussion of this project.

It has been our goal during this project to minimize changes affecting the 'look and feel' of the system. Most of the changes involve the system screens and function keys. Our intent was to obtain standardization throughout the system to increase its ease of use. In December, we issued CALSTARS Operations Memo (COM) 96-13 notifying agencies of these changes.

One other significant system change was adding the capability to request and receive reports the same day. Reports needed immediately can now be requested, run, and printed, usually within an hour. Agencies used this 'same day reporting' extensively during July and August. Over 11,000 requests were processed during those two months. These are peak workload periods for year-end close, and, hopefully, this new capability helped agencies better meet year-end financial reporting due dates. COM 96-10 was issued in June to notify agencies of this new capability.

Another new report option is the ability to obtain any Standard report in electronic form. This gives agencies the capability to download reports to their local processing environment (e.g., PC, LAN, or WAN) for use in word processing, spreadsheet, or data base applications. (See the discussion of **Monarch** in the next section of this letter.) Agencies now have two options for obtaining their CALSTARS data electronically: report files or copies of their data directly from the system master files/tables. Processing for both types of requests occurs within a few minutes.

We also made a change this year to the 1099 Information Tax Return process. The Internal Revenue Service now requires that a phone number be printed on the paper 1099 forms for taxpayers to call when they have questions. The 1099 process was modified to obtain the contact phone number from agencies' AAAAAAAAAA-00 vendor record in the Vendor Edit Table. A CALSTARS News item, issued November 6, 1996, informed agencies of this change.

Monarch

In late 1995, we began evaluating PC software that would read and extract data from CALSTARS standard report files and send that data to a departmental spreadsheet, database or word processor application. In February 1996 we announced that 'Monarch For Windows' was a software that would accomplish this goal. In order to determine if Monarch would be a PC based tool that our clients could utilize, four CALSTARS agencies were chosen to participate in the Monarch Pilot Project. During April and May 1996 the four pilot agencies tested Monarch's capabilities using standard CALSTARS report files.

The Monarch Pilot Project was a tremendous success because it provided enhanced report data access and utilization capabilities. Benefits derived from the pilot included the ability for Monarch to reduce or eliminate the need to rekey data from standard CALSTARS reports and to create custom reports for analysis and management purposes. The four pilot agencies strongly endorsed Monarch for all CALSTARS agency accounting and budget staff.

On June 27 and 28, 1996, a demonstration of Monarch was held in Sacramento. Together with Datawatch Corporation, who markets Monarch, we presented Monarch to 300 CALSTARS agency staff. CALSTARS staff also held an additional demonstration of Monarch in Southern California on September 25, 1996. Subsequently, through our negotiations with Datawatch Corporation, agencies were able to purchase Monarch for a reduced price of $170 per copy. The suggested retail is $400. To date 40 CALSTARS agencies have purchased 160 copies of Monarch.

In August 1996, we facilitated the first Monarch User Group Meeting. The Monarch User Group meets monthly and is chaired by staff from participating agencies. This user group is intended to provide our clients with a means to share information on the uses of Monarch with CALSTARS standard reports and explore other uses. As of November 1996, there are 107 members representing 49 CALSTARS agencies who participate in the Monarch User Group.

Monarch training classes were held during October 1996 at the HWDC Training Center. A total of 48 students representing 33 CALSTARS agencies attended. Student evaluations rated theses classes excellent. Additional Monarch training classes and/or workshops are being scheduled for the first quarter of 1997.

Vision Journey Pilot Project

Another PC software tool that we have been evaluating is 'Vision Journey'. This software can access CALSTARS mainframe data files and provide the ability to select, extract, and download data files to an agency PC. It works much the same as Function 94 (File Copy), but with more power, flexibility, and ease of use. Like Monarch, Vision Journey will format files for use with agency PC spreadsheet, database, or word

processor applications. It appears to be well suited for client agencies who currently use Function 94 and/or RAMIS ad hoc procedures to obtain CALSTARS data files for further processing on the mainframe or downloading to PCs.

To determine if Vision Journey will be a useful tool for you, we selected five agencies in October 1996 to participate in the Vision Journey Pilot Project. These agencies will test the capabilities of Vision Journey using CALSTARS data files. The pilot evaluation period began in early December and will last from four to six weeks. At the end of the testing period we will meet with the pilot agencies to discuss their findings. We will present those findings to all client agencies so that you can decide if this product will be beneficial to your agency.

Communications to Agencies

Changes to CALSTARS are communicated to agencies through the on-line NEWS, COMs, updates to the CALSTARS Procedures Manual, and through access to the Department of Finance Home Page on the Internet. Items of note that occurred during the year regarding these communication methods are discussed in the following paragraphs.

CALSTARS Procedures Manual - We now offer the CALSTARS Procedures Manual, including all error codes, transaction illustrations, and some of the CALSTARS forms and COMS, on two-3 1/2" floppy disks. The Manual and COMS are in WordPerfect 5.1; some of the forms and exhibits are in Microsoft Excel. Agencies with local area networks (LANs) or one or more DOS-based PCs in their accounting office can now have near on-line access to CALSTARS documentation. We provide this feature as a means of future cost savings for agencies and for us. If agencies decide they can give up some of their paper copy Manual sets and store manual data on disks, they can use the shelving for something else. We save by reducing the cost of duplication and distribution.

To date, 72 agencies have requested and received copies of CALSTARS On DISK. If your agency has not already requested a copy but would like to, refer to COM 95-13 for further information.

A significant change was made to the Procedures Manual this year. We moved the Labor Distribution material from Volume 4 to Volume 2. We also rewrote and moved the error codes contained in Appendix A and B of Volume 2 to Volume 4. All error codes are now contained in Volume 4. We made this change in anticipation of the conversion to ADABAS. ADABAS and the Natural language bring with them a substantial number of error and status codes that must be documented. Making the change this year allows enough space in the Procedures Manual for the ADABAS error codes.

CALSTARS on the Internet - CALSTARS is now on the Department of Finance's Home Page on the Internet. Finance's Internet address is:

http://www.dof.ca.gov/

Through a table of contents, access is available to currently effective COMs, Volume 5 of the CALSTARS Procedures Manual (Transaction Code Illustrations), the state Uniform Codes Manual (UCM), and the Manual of State Funds. General information on the background, capabilities, services and support, and Strategic Plan of CALSTARS is also available.

These documents are Microsoft Word or Excel documents that can be downloaded to a PC. There is also an option to download a Microsoft FREEWARE file which can be executed to 'setup' a Word Viewer and/or Excel Viewer. Use of these tools will provide on-line viewing or printing of the documents on the screen without the need to download the documents. The Manual of State Funds page and the Fund Code page of the UCM include a search capability to locate and view or print individual fund pages of the manual.

Using the Internet makes this information readily accessible to all interested parties, even those not directly involved with CALSTARS.

CALSTARS News - In addition to the Daily Operation Status messages, there were 216 announcements on the News. Of the 216 announcements, 117 were bulletins and 99 were job opportunities containing 183 positions. A comparison of positions by general classification advertised last year and this year is following:

	Last Year	This Year	Change
Accounting Administrator or equivalent	3%	7%	4%
Senior Accounting Officer	14%	16%	2%
Accounting Officer	16%	14%	-2%
Accountant I	18%	14%	-4%
Professional other than accounting	8%	7%	-1%
Accounting Technician	22%	24%	2%
Senior Account Clerk/Account Clerk II	15%	14%	-1%
Office support	4%	4%	

Similar to last year, two-thirds of this year's advertisements for Senior Accounting Officer, Accounting Officer, and Accountant I positions were Specialist positions and one-third were Supervisory positions.

Agencies continue to utilize the News as a means of recruiting qualified fiscal staff to fill vacant positions, with a noticeable increase this year in the advertisement of positions that are responsible for management of the accounting office.

Client Support

There are 103 CALSTARS accounting offices that perform accounting for 196 Organization Codes. The number of accounting offices is less than last year due to consolidation efforts by the Department of Corrections. Of these offices, 78 are independent and use only the CALSTARS Hotline for support. Of the balance, two agencies currently have an analyst assigned to assist in the first year of implementation, 13 agencies are assigned to an analyst for regular support, and 10 agencies are assigned for occasional support.

Four agencies began accounting with CALSTARS this year. One agency began their own CALSTARS operation from contract accounting offices using CALSTARS and two agencies are scheduled to begin CALSTARS accounting on July 1, 1997.

★ The Quality Implementation Check (QIC) Review program continued this year. A "QIC Review" is an agency-requested review by the CALSTARS staff of an agency's accounting practices and procedures. In the last two years we have started twenty-two QIC's, completing ten with twelve still active.

★ On behalf of client agencies, we processed and coordinated 111 Service Requests to the HWDC for the purchase and/or lease of client agency equipment or communcations service. Of that total, 5 were requests to consolidate agency communication lines, bringing the total to 70 cost saving consolidations that have been completed since our original announcement.

★ Staff have completed user specifications for two of the projects to be installed after the installation of ADABAS. The two projects are the automation of the CALSTARS/SCO Reconciliation and on-line retrieval of Document File information when recording accounting transactions. We have also identified four additional projects to begin after the installation of ADABAS.

Training

All CALSTARS training classes continue to be available at no direct cost to CALSTARS agencies. Using the Training System and the ten terminals in our Training Room, we can simulate all parts of Production CALSTARS. We use the "Hands on" training technique in nearly every class. Two professional analysts are assigned full time to the training function. See COM 96-12 for a listing of classes.

The demand for CALSTARS training continued to grow this year. This fact can be seen from the following comparison of the number of classes offered and students attending classes over the past two years:

TRACK	CLASS TITLE	Last Year		This Year		Change	
		CLASSES	STUDENT	CLASSES	STUDENT	CLASSES	STUDENT
I	CALSTARS Overview	6	113	5	91	-1	-22
II	CALSTARS Tables	4	56	3	49	-1	-7
III	Detailed Accounting	7	108	7	123	0	15
IV	Labor Distribution Subsystem	2	28	3	41	1	13
V	SCO Reconciliation/ Month end Close	4	60	5	89	1	29
VI	Office Revolving Fund and Checkwriter Subsystem	5	86	3	49	-2	-37
VII	Ad Hoc Reporting	4	31	2	16	-2	-15
VIII	Operating Transfers, Bonds and Loans	0*	0*	0*	0*	0*	0*
YEC 1	Planning for Year-end Closing - 1/2 day	9	170	11	209	2	39
YEC 2	Preparing Year-end Statements - 1, 2, or 3-day Session	17	276	20	336	3	60
	TOTAL, ALL CLASSES	**58**	**928**	**59**	**1003**	**1**	**75**

* On demand. Requires at least 10 students.

In addition to the increase in the number of classes and people that have attended training this year, there has been a corresponding increase in the number of student days. Student days are defined as the number of days of training in each track multiplied by the number of trainees in each track. This year, there were 1,971 student days as compared to 1,842 the previous year.

We continue to believe a trained staff in every CALSTARS accounting office is a key ingredient to success. From the time that we instituted 'no fee' training, we have filled all of our scheduled sections and there are now waiting lists for most classes. Due to the increased demand for training and the limited re-sources in the CALSTARS Training Unit, we instituted a policy this year where we are asking that the number of registrants within each track be limited to four participants per agency. Because of this new policy, agencies should give priority for requests for CALSTARS training to accounting office staff with direct responsibility for duties related to the topic of the class.

We also continued our participation this year in Schedule 10 Training spon-sored by the Budget Operations Support Unit in the Department of Finance. During this training, we discussed with departmental budget staff and senior accounting staff how CALSTARS reports are used to post to the Past Year Schedule 10 and Schedule 10R Reports.

CALSTARS Costs

Agencies continue to pay the full cost of operating and maintaining CALSTARS, including a proportionate share of DOF CALSTARS support staff. The annual amount of staff costs remains stable. Those costs continue to be far less to each agency than otherwise necessary to internally support the operation, maintenance, documentation, hardware support, training, and continued enhancement of a departmental accounting system operation.

HWDC processing costs, communication and equipment costs are 100% pass-through. During the past year, HWDC rates for central processing and data storage declined. There was a change in the methodology used for charging for microfiche and communication costs to more closely reflect the actual costs incurred by HWDC. For most agencies, this change had no impact, but some agencies experienced an increase in microfiche and/or communication charges. Equipment lease costs billed through HWDC continue to decline due to CALSTARS/State Controller's Office data line consolidation and increased usage of personal computers for CALSTARS data entry. We have completed 70 line consolidations to date; 10 over the past year.

One way that agencies can exercise cost savings is in the area of report printing. For reports produced at HWDC, agencies are charged a printing cost and a paper cost by the page. For reports printed at an agency, the output cost is for the paper only. For an even greater cost savings, agencies should consider requesting reports to be produced on microfiche.

Shown below is a comparison of the costs for printing 1,000 pages at HWDC, on a printer at an agency, or through microfiche.

REPORT OUTPUT COSTS

	HWDC PRINT	AGENCY PRINT	MICROFICHE
A	12 x 8½ paper @ $0.0113 $11.30		
B	Printing @ $0.018 18.00 TOTAL, per 1000 pages $29.30	12 x 8½ paper @ $0.0063 TOTAL, per 1000 pages $6.30	268 pages per fiche @ $0.86 TOTAL, per 1000 pages $3.44

Agencies should review their report requesting needs and practices and consider leasing additional printers to print more reports in-house. Our analysis indicates it is less costly to lease an additional printer when the volume is more than 3,000 pages/month. Please contact the CALSTARS Hotline for details.

Other Accounting Changes

The criteria for asset capitalization was revised per Management Memo 95-22. State assets must now be capitalized if they have a normal useful life of at least one year and a unit acquisition cost of at least $ 5,000.00. Property previously capitalized under prior guidelines that did not meet the revised criteria needed to be removed from the General Fixed Asset Account Group and expensed. If the amount removed was material (i.e., exceeding three percent of the total dollar amount for expenditures for the year), a footnote was required on the year-end Statement of Changes in General Fixed Assets, Report No. 18, and the Statement of General Fixed Assets, Report No. 19.

Year-end financial statements no longer have to be sent to the Department of Finance per Management Memo 96-09. However, these reports must still be available for review upon request by Finance.

The Accounts Receivable Act , effective January 1, 1995, required departments to submit a written accounts receivable report to the Franchise Tax Board and various Legislative committees by December 1 of each year. A standard format for the required report was provided in Management Memo 96-25. Agencies needed to submit the accounts receivable report due December 1, 1996, in the standard format.